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July 20, 1955

CAPITAL MARKET DEVELOPMENTS

Large corporate offerings totaling 46 million dollars and large State and local government issues with proceeds of 31 million were publicly floated for new capital during the week ending July 15. This week State and local governments are scheduled to offer large issues with proceeds of 174 million dollars including 121.5 million by Public Housing Authorities. One 20 million dollar corporate offering will be issued.

Sale of a 5 million dollar Wayne County, Michigan issue was postponed last week due to technical reasons. Terrebone Parish, Louisiana rejected all bids on a 2 million dollar bond offering.

The estimated July volume of State and local security offerings has been lowered to 450 million dollars from 600 million largely because of the rejection of the single bid for the New York Thruway issue last week. The new estimate is still well above total offerings last July.

Bond yields - State and local government Aaa bond yields rose four basis points during the week ending July 15. Yields on U. S. Government long-term bonds increased one basis point, and corporate Aaa yields did not change.

Treasury yields rose three more basis points by Tuesday of this week, according to daily figures.

Yields on State and local government Baa bonds rose three basis points last week, corporate Baa yields increased one basis point and State and local government revenue bond yields remained steady.

Stock market credit - Customers' debit balances, excluding credit extended on U. S. Government obligations, of member firms of the New York Stock Exchange, rose 27.1 million dollars to total 2,712 million at the end of June. Money borrowed by member firms on collateral other than U. S. Government securities decreased 26 million dollars. Free credit balances dropped to 918 million dollars at the end of June.

Stock prices down - The SEC index of 265 common stocks decreased slightly last week to 256.8, just below the high of the year. This is the first decrease in nine weeks. Daily indexes indicate further small declines in prices for the first two days of this week.

Below are May and June 1955 figures for stock market credit outstanding:

(Millions of dollars)

	<u>May</u>	<u>June</u>
Customers' debit balances - total	2,731	2,758
Customers' debit balances - excluding credit extended on U. S. Government obligations	2,684	2,712
Money borrowed by member firms maintaining margin accounts	2,119	2,093
Money borrowed, by member firms maintaining margin accounts, on collateral other than Government obligations	2,047	2,020
Customers' free credit balances	928	918
Bank loans to others for purchasing and carrying securities (last Wednesday of month - weekly reporting member banks, excluding Governments for New York and Chicago reporting banks)	1,103	1,160
Total stock market credit (equals sum of item 2 and item 6)	3,787	3,872

More detailed information concerning recent capital market developments will be found in the attached exhibits.

Business Finance and Capital Markets Section,  
Division of Research and Statistics,  
Board of Governors of the Federal Reserve System.

EXHIBIT A

HIGH - GRADE BOND YIELDS



Date	Corporate Aaa <sup>1/</sup>	U. S. Govt. long-term <sup>2/</sup>	State and local govt., Aaa <sup>3/</sup>	Spread between U. S. Govt. and	
				Corporate Aaa	State and Local Aaa
(Per cent)					
1952 - High	3.03 (1/4)	2.79 (12/27)	2.00 (10/23)	.37	1.02
Low	2.91 (2/15)	2.56 (5/17)	1.65 (5/1)	.19	.71
1953 - High	3.42 (6/19)	3.15 (6/6)	2.73 (6/25)	.38	.84
Low	2.99 (1/9)	2.78 (12/26)	1.98 (1/8)	.19	.30
1954 - High	3.09 (1/8)	2.74 (1/9)	2.21 (6/10)	.43	.61
Low	2.85 (4/23)	2.44 (8/7)	1.90 (9/2)	.32	.29
1955 - High	3.05 (7/15)	2.83 (7/15)	2.23 (7/14)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.05 (5/26)	.22	.54
June 17	3.05	2.75	2.08	.30	.67
June 24	3.05	2.78	2.09	.27	.69
July 1	3.05	2.81	2.14	.24	.67
July 8	3.05	2.82	2.19	.23	.63
July 15	3.05	2.83	2.23	.22	.60

<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

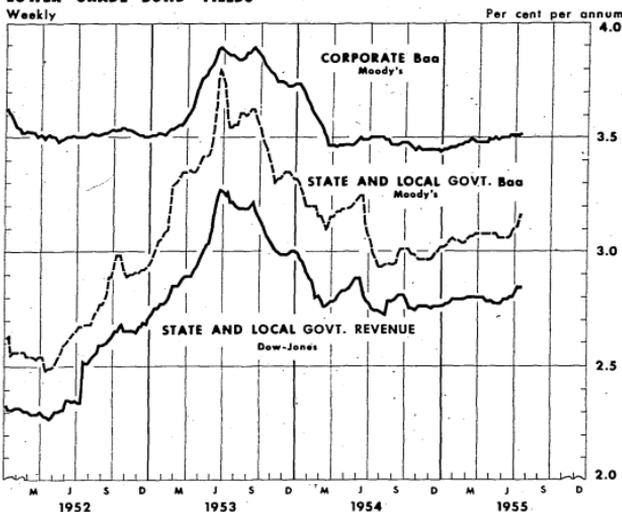
<sup>2/</sup> Weekly average of daily figures; old series. Average term to first call of bonds included is 13-14 years.

<sup>3/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

Note.—Highs and lows are for individual series and may be on different dates for different series.

## EXHIBIT B

## LOWER-GRADE BOND YIELDS



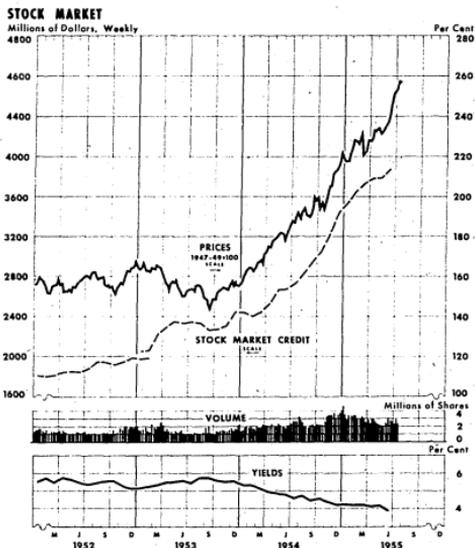
Date	Corporate Baa <sup>1/</sup>	State and local govt. Baa <sup>2/</sup>	State and local govt. rev. <sup>3/</sup>
	(Per cent)		
1952 - High	3.63 (1/4)	2.98 (10/23)	2.69 (12/19)
Low	3.48 (5/16)	2.48 (4/17)	2.27 (4/25)
1953 - High	3.89 (9/18)	3.79 (6/25)	3.27 (6/26)
Low	3.50 (1/2)	2.96 (1/8)	2.71 (1/2)
1954 - High	3.74 (1/8)	3.32 (1/7)	3.00 (1/1)
Low	3.44 (12/31)	2.93 (8/5)	2.72 (8/13)
1955 - High	3.52 (7/15)	3.17 (7/14)	2.84 (7/15)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
June 17	3.51	3.07	2.80
June 24	3.51	3.10	2.80
July 1	3.51	3.11	2.84
July 8	3.51	3.14	2.84
July 15	3.52	3.17	2.84

<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

<sup>2/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

<sup>3/</sup> Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

Note.—Highs and lows are for individual series and may be on different dates for different series.



Date	Stock price index <sup>1/</sup>	Trading volume <sup>2/</sup> (millions of shares)	Common stock yields <sup>3/</sup> (per cent)	Stock market credit		
				Total	Customers' debit balances <sup>4/</sup>	Bank loans to "others" <sup>5/</sup>
(Millions of dollars)						
1952 - High	165.3 (12/26)	2.0	5.77	1,986	1,332	656
Low	151.7 (10/24)	0.9	5.13	1,804	1,241	562
1953 - High	167.1 (1/2)	2.5	5.75	2,445	1,665	780
Low	144.0 (9/18)	0.9	5.15	2,055	1,314	664
1954 - High	221.4 (12/31)	3.7	5.33	3,436	2,388	1,048
Low	156.5 (1/6)	1.4	4.20	2,405	1,653	746
1955 - High	257.0 (7/8)	4.6	4.22	3,872	2,712	1,172
Low	217.4 (1/14)	2.0	3.87	3,537	2,517	1,018
May	233.3	2.2	4.44	3,787	2,684	1,103
June	244.5	2.7	3.87	3,872	2,712	1,160
July 1	253.6	2.3	n.a.	n.a.	n.a.	1,160
July 8	257.0	<sup>2/</sup> 2.9	n.a.	n.a.	n.a.	1,172
July 15	256.8	2.3	n.a.	n.a.	n.a.	n.a.

<sup>2/</sup> Corrected.

n.a. Not available.

<sup>1/</sup> SEC index of 265 common stocks, weekly closing prices, 1939=100; converted to 1947=100 by Federal Reserve. The conversion factor is 123.91.

<sup>2/</sup> Averages of daily trading volume on the New York Stock Exchange.

<sup>3/</sup> Moody's 200 common stocks; end of month figures.

<sup>4/</sup> End of month figures for member firms of the New York Stock Exchange which carry margin accounts; excludes balances secured by U. S. Government obligations.

<sup>5/</sup> Wednesday figures for weekly reporting member banks. Excludes all loans for purchasing or carrying U. S. Governments for 1952; since 1953 only these loans at banks in New York and Chicago are excluded. Weekly reporting banks account for about 72 per cent of loans to others.

Note.—Highs and lows are for individual series and may be on different dates for different series.

Corporate and State and Local Government  
Security Offerings and Placements

(In millions of dollars)

	New capital					
	Corporate			State and local		
	1955	1954	1953	1955	1954	1953
January	546	547	623	535	396	390
February	436	426	623	312	411	360
March	1,261	635	666	538	565	426
April	e/500	497	779	427	734	329
May	e/900	656	675	e/350	748	649
June	e/675	842	1,123	e/630	853	434
July	e/500	909	483	e/450	279	519
August		335	325		261	259
September		747	753		649	475
October		1,003	577		594	453
November		290	429		423	408
December		604	1,438 <sup>1/</sup>		877	774
1st quarter	2,243	1,608	1,912	1,385	1,372	1,176
2nd quarter	e/2,075	1,995	2,578	e/1,405	2,334	1,412
3rd quarter		1,991	1,561		1,188	1,253
4th quarter		1,896	2,444 <sup>1/</sup>		1,894	1,636
Year		7,490	8,495		6,789	5,477
	Excluding finance companies <sup>2/</sup>					
1st quarter	1,791	1,527	1,669			
2nd quarter	e/2,000	1,927	1,991			
3rd quarter		1,911	1,223			
4th quarter		1,792	2,344			
Year		7,158	7,227			

<sup>1/</sup> Includes 602.5 million dollar AT&T debenture issue.<sup>2/</sup> Total new capital issues excluding offerings of sales and personal finance companies.

e/ Estimated.

Note.--Details may not add to totals due to rounding.

Large Public Security Issues for New Capital  
(Other than U. S. Treasury) 1/

Proceeds of Large Issues Offered

(Millions of dollars)

Month	Corporate	State and local government	Other <u>2/</u>
1954 - June	350	603	--
July	411	92	--
August	75	86	--
September	364	455	--
October	433	388	--
November	0	268	--
December	121	689	30
1955 - January	141	341	35
February	63	107	--
March	750	337	--
April	175	238	15
May	483	152	--
June	182	409	--

Large Individual Issues Offered July 1 through 15

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Illinois Bell Tel. Co.	1st mtg. bds.	30.0	1995	3 1/4	3.17	Aaa
Texas Eastern Transmission	Pfd. stock	16.0				
<u>STATE AND LOCAL GOVERNMENT</u>						
Tulsa, Oklahoma	G.O.	5.4	1958-80	2.67	1.80-3.05	A
Alabama Highway Authority	Rev.	15.0	1957-75	2.73	1.60-2.80	A
Louisville, Kentucky	Rev.	8.0	1960-84	2.44	1.75-2.60	Aaa
Pierce Co., Washington, Tacoma School District	G.O.	8.3	1957-75	2.59	1.60-2.85	A
<u>OTHER</u>						
None						

1/ Includes corporate and other security offerings of 15 million dollars and over; State and local government security offerings of 5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

3/ In the case of State and local government securities, G.O. denotes general obligation; Rev., revenue bonds; G.R., general obligations additionally secured by facilities revenues; and, L.L., limited liability obligations secured by pledge of designated revenues.

Forthcoming Large Public Security Offerings for New Capital  
(Other than U. S. Treasury) 1/

Expected Proceeds from Forthcoming Large Issues

Date of computation	During month following date shown			Subsequent to date shown		
	Corporate	State and local govt.	Other 2/	Corporate	State and local govt.	Other 2/
1954 - June 30	336	86	--	532	1,524	--
July 30	100	54	--	303	1,553	--
Aug. 31	334	300	--	608	1,876	--
Sept. 30	343	383	--	414	2,158	--
Oct. 29	15	436	--	135	1,957	30
Nov. 30	94	661	30	246	2,682	30
Dec. 31	184	567	--	216	2,144	35
1955 - Jan. 31	16	682	--	422	1,961	--
Feb. 28	710	524	--	1,395	1,978	--
Mar. 31	211	208	--	922	2,009	--
Apr. 29	425	116	--	1,141	1,917	--
May 31	160	339	--	850	1,861	--
June 30	67	344	--	830	1,845	--

Forthcoming Large Offerings, as of July 15

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Pacific Finance	Deb.	20.0	July 20
*Container Corporation of America	SF deb.	35.0	July 27
American Natural Gas	Common stock	37.0	August 2
Consumer Power	Common stock	16.9	August 5
Goodyear Tire and Rubber	Common stock	45.6	August 8
Western Union Telegraph	Common stock	25.0	August 8
Pacific Telephone and Telegraph	Deb.	67.0	August 16
American Telephone and Telegraph	Conv. deb.	650.9	1955
Southern California Gas	Bonds	40.0	1955
Freedom Insurance Company	Common stock	22.0	1955
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Ohio	L.L.	52.0	July 20
Public Housing Authorities	--	121.5	July 20
Chicago, Illinois	G.O.	25.3	July 26
Los Angeles, California	n.a.	25.0	July 26
Norfolk, Virginia	G.O.	5.0	July 26

## Forthcoming Large Offerings, as of July 15 (Cont'd)

Issuer	Type.	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)			
Denver, Colorado	G.O.	12.0	July 28
Calcasieu Parish, Louisiana	n.a.	8.2	August 3
Los Angeles, California	n.a.	12.0	August 23
Los Angeles, California	n.a.	18.0	September 21
Connecticut Expressway	Rev.	100.0	Summer
Inter-American Center Auth., Fla.	Rev.	60.0	1955
Michigan Turnpike Authority	Rev.	186.0	1955
State of Louisiana	n.a.	80.0	1955
Illinois Turnpike Authority	Rev.	390.0	1955
Texas Turnpike Company	Rev.	140.0	1955
Springfield, Illinois	n.a.	9.0	1955
Allegheny County, Pennsylvania, Sanitary Authority	Rev.	85.0	1955
California Toll Bridge Authority	Rev.	235.0	1955
Jersey City Sewerage Auth., N. J.	Rev.	16.0	1955
North Carolina Turnpike Authority	n.a.	200.0	1955
<u>OTHER</u>			
None			

1/ Includes corporate and other issues of 15 million dollars and over; State and local government issues of 5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

n.a.--Not available.

\*--Included in table for first time.